

Registration number: 11434329

Novolex UK Holdings, Ltd

Annual Report and Consolidated Financial Statements

for the Year Ended 31 December 2021

THURSDAY



ABXY6956

A17

23/02/2023

#82

COMPANIES HOUSE

Novolex UK Holdings, Ltd

Contents

Company Information	1
Strategic Report	2 to 3
Directors' Report	4 to 6
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8 to 11
Consolidated Profit and Loss Account	12
Consolidated Statement of Comprehensive Income	13
Consolidated Balance Sheet	14
Parent Balance Sheet	15
Consolidated Statement of Changes in Equity	16
Parent Statement of Changes in Equity	17
Consolidated Statement of Cash Flows	18
Notes to the Financial Statements	19 to 42

Novolex UK Holdings, Ltd

Company Information

Directors	S B Bikulege L B Goldin D E Norman Mr N Parker
Company secretary	Entity Central Corporate Services (UK) Limited
Registered office	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London EC3N 3AX
Independent Auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 2 Glass Wharf Temple Quay Bristol BS2 0FR

Novolex UK Holdings, Ltd

Strategic Report for the Year Ended 31 December 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activities

The principal activity of the company is a holding company and of the group is plastic thermoforming, extrusion of plastic film and distributor of plant-based catering disposables.

Fair review of the business

The trading results for the year were impacted by the continuing increase of raw material prices for polymer. As Covid-19 measures continued into 2021, there were shortfalls in the availability of labour and transport as supply chains struggled to meet demand.

In 2021 the trading assets of the subsidiaries of Deltaform Limited & A & J Plastics Limited were hived up into Par-Pak Europe Limited.

On 5th August 2021, the group acquired 100% shareholding of Vegware Holdings Limited, including its UK subsidiaries, for £30.2 million.

The group's loss for the year before taxation amounted to £6,590,895 (2020 - Loss of £3,662,194).

At the year end, the group has assets of £90,528,702 (2020 - £52,236,285) and liabilities of £104,074,226 (2020 - £61,016,086). The net liabilities of the group have increased by £4,765,723 (2020 - £3,572,211).

The group's key financial and other performance indicators during the year were as follows:

Financial KPIs	Unit	2021	2020
Gross Profit	£	13,598,188	15,576,582
EBITDA (operating profit before depreciation and amortisation)	£	1,486,534	5,771,271

Principal risks and uncertainties

The groups' financial performance is directly impacted by the economic environment as consumer spending is essential to achieve sales. In order to manage the risk, the group strives to deliver competitively priced products and provide a quality supply chain.

The continuing war in Ukraine poses a potential risk with the global impact on energy costs. Additionally, significant inflation in the UK and the cost-of-living crisis may also indirectly affect the company. Actions have been taken to mitigate these risks across all sites.

There is also consideration of the potential fall in the value of sterling against other currencies. The group of companies have ways of mitigating the impact of this risk on the business through the use of financial instruments.

The financial position of the company and borrowing facilities are set out in the financial statements. As an intermediate holding option, there are limited risks attributable to the business but given the absence of trading, there is a reliance on the parent company for ongoing support, which is evidenced through a letter of support. Given the overall forecast for the group, and parent support provided, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors consider it appropriate to adopt the going concern basis in preparing the annual financial statements.

Novolex UK Holdings, Ltd

Strategic Report for the Year Ended 31 December 2021

Section 172(1) statement

The directors aim to act in a way that promotes the long-term success of the business, for the benefit of all its stakeholders. Section 172 matters are considered in our strategy development and significant decisions across all aspects of our business.

Section 172 requires directors to have regard to,

- The likely consequences of any decision in the long term
- The interests of the company's employees
- The need to foster the company's business relationships with suppliers, customers and others
- The impact of the company's operations on the community and the environment
- The desirability of the company maintaining a reputation for high standards of business conduct, and
- The need to act fairly as between members of the company.

The directors are aware of their responsibilities to ensure the company acts fairly in all its dealings and communications with key stakeholder groups and to consider the impact of the company's operations on the wider community and the environment. They take consideration of a range of factors including the section 172 duties as above in making decisions and the company's activities and where appropriate in the subsidiaries business on the success of the company and its holdings in the group. Decisions taken during the financial period included the approval of a budget for 2022.

Engagement with employees

Our employees are key in the continued growth, strength and innovation of the business, conducting business in a way where shareholders value and profitability leads to sustainable long-term growth.

We have a safe, dynamic and diversified workplace that creates the conditions for our team to grow and develop while promoting dedication, honesty, teamwork and integrity.

Health & Safety and Risk prevention is a key aspect of the business, ensuring that there are Health & Safety programmes in place at all sites.

Employees are informed by the Directors and management of the performance and progress of the group on a regular basis via town hall meetings, formal and informal meetings and regular communication.

Engagement with suppliers, customers and other relationships

We communicate with customers and suppliers to create long-term value for our stakeholders by providing industry leading expertise, solutions and through the efficient use of resources.

Approved by the Board on 17.02.23 and signed on its behalf by:



Mr N Parker
Director

Novolex UK Holdings, Ltd

Directors' Report for the Year Ended 31 December 2021

The directors present their report and the for the year ended 31 December 2021.

Directors of the group

The directors who held office during the year and up to the date of signing the Annual Report and Financial Statements were as follows:

P M Palmisano (resigned 1 March 2021)

S B Bikulege

L B Goldin

E A Colver (resigned 31 December 2022)

D E Norman (appointed 1 March 2021)

The following director was appointed after the year end:

Mr N Parker (appointed 31 December 2022)

Dividends

The directors recommend a final dividend payment of £Nil be made in respect of the financial year ended 31 December 2021 (2020 - £Nil).

Financial Instruments

The company and group have procedures to identify risk and manage the risks that may hinder its financial performance objectives. The objective is to limit counterparty exposure, ensure sufficient capital and to mitigate the risk identified. The group does not consider it necessary to employ derivatives to manage risk based on the current activities of the group.

Objectives and policies

The directors are responsible for monitoring financial risk. Appropriate policies have been developed and implemented to identify, evaluate and manage the key risks.

Novolex UK Holdings, Ltd

Directors' Report for the Year Ended 31 December 2021

Price risk, credit risk, liquidity risk and cash flow risk

Commodity price risk

The group is exposed to fluctuations of its raw materials since plastic is inherently a petroleum by-product. The risk is inherent to the plastic industry. The directors, in partnership with customers and the group's supplier base, mitigate these risks where possible through customers supply commitments and suppliers agreeing to fixed periodic pricing.

Currency risk

Global plastic resin prices are quoted in US Dollars and Euros. This adds to the risks of price movements in raw materials as discussed above. The directors consider that the most effective way of reducing this risk is in addition to the above, to peg the company's raw material pricing in sterling as much as possible.

Liquidity risk

The group maintains stocks for supply to customers. There is a risk that these stocks may be illiquid. The directors minimise this risk through stock holding agreements and close partnership with customers to pro-actively predict the requirements of customers in order to reduce waste and lead times.

There is a risk that the trade debtors of the group may not be receivable. The directors obtain credit reports from an independent agency on all new customers and maintain close relationships with ongoing customers in order to reduce the risk of non-payment by debtors.

Interest rate risk

The directors have prepared detailed cash flow forecasts and consider this to be a minor risk to the group. The Sterling Overnight Index Average (SONIA) rate is considered stable and therefore the potential increase of interest payable by the group is considered minimal.

Employment of disabled persons

Novolex UK Holdings, Ltd is committed to employment policies that provide and promote equal employment and advancement opportunities and to providing an environment that ensures tolerance and respect for all employees. Novolex's policy is that no employee will be treated less favourably, victimised or harassed on the grounds of their disability, gender, marital or civil partnership status, race, nationality, colour, ethnicity, religion, sexual orientation, age, or any other class protected by applicable law.

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retaining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Employee involvement

Novolex UK Holdings, Ltd recognises the importance of engaging with and developing employees for both enhancing the performance of the business and in achieving and maintaining the highest standards in the workplace. The company continues to invest in people, processes and technology in order to deliver on its core people values.

Novolex UK Holdings, Ltd

Directors' Report for the Year Ended 31 December 2021

Future developments

It is management's intention to continue to develop the group. Management continues to improve its operational efficiencies and productivities. Management also continues to invest in new product development to support the strategies of the customer base and to improve its commercial growth in appropriate market sectors.

Plastic Tax came into effect on 1st April 2022. The group have worked to ensure there is minimal risk from this newly implemented tax with 95% of products outside the scope, the remainder is recharged to the customer to negate the impact to the business.

Research and development

The group has expended resources during the year on developing new products for both existing and potential customers. Much of this work is speculative and does not necessarily result in new products reaching the market place.

Branches outside the United Kingdom

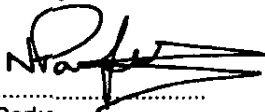
Holfeld Plastics Limited is an Irish subsidiary and Vegware Packaging Inc, which was acquired as part of the Vegware acquisition during the year, is an American subsidiary and was sold prior to the year end.

Environmental report

Emissions and energy consumption

The company is a parent company which consumes less than 40,000 kWh of energy annually and there are no large company subsidiaries.

Approved by the Board on ~~17.02.23~~ and signed on its behalf by:



.....
Mr N Parker
Director

Novolex UK Holdings, Ltd

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- state whether applicable *United Kingdom Accounting Standards, comprising FRS 102* have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and company will continue in business.

The directors are also responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the *financial position of the group and company* and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the group's and company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the group's and company's auditors are aware of that information.

Independent auditors' report to the members of Novolex UK Holdings, Ltd

Report on the audit of the financial statements

Opinion

In our opinion, Novolex UK Holdings, Ltd's group financial statements and company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2021 and of the group's and company's loss and the group's cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: consolidated balance sheet and parent balance sheet as at 31 December 2021; the consolidated profit and loss account, consolidated statement of comprehensive income, the consolidated statements of changes in equity, the parent statement of changes in equity, Consolidated Statement of Cash Flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's and the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journals entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions throughout the audit with management including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations related to financial reporting;
- Review of journal entries to identify unusual journal entries for testing, in particular entries posted with unexpected account combinations and unusual words; and
- Challenging assumptions and judgements made by management in determining accounting estimates (because of the risk of management bias), and evaluating the business rationale of significant transactions outside the normal course of business.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

A handwritten signature in black ink, appearing to read 'N. Muzzlewhite'.

Nick Muzzlewhite (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
17 February 2023

Novolex UK Holdings, Ltd

Consolidated Profit and Loss Account for the Year Ended 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Turnover	3	80,665,420	60,963,347
Cost of sales		<u>(67,067,232)</u>	<u>(45,386,765)</u>
Gross profit		13,598,188	15,576,582
Distribution costs		(5,343,684)	(5,796,968)
Administrative expenses		(13,300,517)	(9,405,130)
Other operating income	4	<u>150,076</u>	<u>283,495</u>
Operating (loss)/profit	5	(4,895,937)	657,979
Gain on disposal of subsidiary	6	880,158	-
Other interest receivable and similar income	8	2,341,891	10,333
Interest payable and similar expenses	9	<u>(4,917,007)</u>	<u>(4,330,506)</u>
Loss before tax		(6,590,895)	(3,662,194)
Tax on loss	13	<u>2,227,655</u>	<u>(315,679)</u>
Loss for the financial year		<u>(4,363,240)</u>	<u>(3,977,873)</u>
Loss attributable to:			
Owners of the company		<u>(4,363,240)</u>	<u>(3,977,873)</u>

The notes on pages 19 to 42 form an integral part of these financial statements.
Page 12

Novolex UK Holdings, Ltd

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2021

	31 December 2021 £	31 December 2020 £
Loss for the year	(4,363,240)	(3,977,873)
Foreign currency translation (losses)/gains	<u>(402,483)</u>	<u>405,662</u>
Total comprehensive expense for the year	<u>(4,765,723)</u>	<u>(3,572,211)</u>
Total comprehensive expense attributable to:		
Owners of the company	<u>(4,765,723)</u>	<u>(3,572,211)</u>

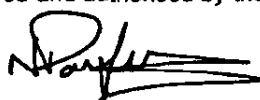
The notes on pages 19 to 42 form an integral part of these financial statements.
Page 13

Novolex UK Holdings, Ltd

(Registration number: 11434329)
Consolidated Balance Sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	14	28,936,885	16,090,160
Tangible assets	15	<u>9,591,129</u>	<u>10,687,240</u>
		<u>38,528,014</u>	<u>26,777,400</u>
Current assets			
Stocks	18	22,938,519	6,434,271
Debtors	19	22,645,944	12,932,415
Cash at bank and in hand	20	<u>6,416,225</u>	<u>6,092,299</u>
		52,000,688	25,458,985
Creditors: Amounts falling due within one year	21	<u>(29,638,726)</u>	<u>(14,267,611)</u>
Net current assets		<u>22,361,962</u>	<u>11,191,374</u>
Total assets less current liabilities		60,889,976	37,968,774
Creditors: Amounts falling due after more than one year	21	(74,398,876)	(46,516,837)
Provisions for liabilities	22	<u>(36,624)</u>	<u>(231,738)</u>
Net liabilities		<u>(13,545,524)</u>	<u>(8,779,801)</u>
Capital and reserves			
Called up share capital	24	100	100
Other reserves	25	(360,924)	41,559
Profit and loss account	25	<u>(13,184,700)</u>	<u>(8,821,460)</u>
Equity attributable to owners of the company		<u>(13,545,524)</u>	<u>(8,779,801)</u>
Total equity		<u>(13,545,524)</u>	<u>(8,779,801)</u>

Approved and authorised by the Board on 17.02.23 and signed on its behalf by:



 Mr N Parker
 Director

Novolex UK Holdings, Ltd

**(Registration number: 11434329)
Parent Balance Sheet as at 31 December 2021**

	Note	2021 £	2020 £
Fixed assets			
Investments	16	81,681,467	54,027,803
Current assets			
Debtors	19	2,219,361	100
Creditors: Amounts falling due within one year	21	<u>(13,845,073)</u>	<u>(4,961,428)</u>
Net current liabilities		<u>(11,625,712)</u>	<u>(4,961,328)</u>
Total assets less current liabilities		70,055,755	49,066,475
Creditors: Amounts falling due after more than one year	21	<u>(74,398,876)</u>	<u>(46,516,837)</u>
Net (liabilities)/assets		<u>(4,343,121)</u>	<u>2,549,638</u>
Capital and reserves			
Called up share capital	24	100	100
Profit and loss account	25	<u>(4,343,221)</u>	<u>2,549,538</u>
Total equity		<u>(4,343,121)</u>	<u>2,549,638</u>

The company made a loss after tax for the financial year of £6,892,759 (2020: profit of £2,595,621).

Approved and authorised by the Board on **17.02.23** and signed on its behalf by:



.....
Mr N Parker
Director

Novolex UK Holdings, Ltd

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2021

Equity attributable to the parent company

	Share capital £	Foreign currency translation £	Profit and loss account £	Total £
At 1 January 2021	100	41,559	(8,821,460)	(8,779,801)
Loss for the year	-	-	(4,363,240)	(4,363,240)
Other comprehensive expense	-	(402,483)	-	(402,483)
Total comprehensive expense	-	(402,483)	(4,363,240)	(4,765,723)
At 31 December 2021	100	(360,924)	(13,184,700)	(13,545,524)

	Share capital £	Foreign currency translation £	Profit and loss account £	Total £
At 1 January 2020	100	(364,103)	(4,843,587)	(5,207,590)
Loss for the year	-	-	(3,977,873)	(3,977,873)
Other comprehensive income	-	405,662	-	405,662
Total comprehensive expense	-	405,662	(3,977,873)	(3,572,211)
At 31 December 2020	100	41,559	(8,821,460)	(8,779,801)

The notes on pages 19 to 42 form an integral part of these financial statements.

Novolex UK Holdings, Ltd

Parent Statement of Changes in Equity for the Year Ended 31 December 2021

	Share capital £	Profit and loss account £	Total £
At 1 January 2021	100	2,549,538	2,549,638
Loss for the year	-	(6,892,759)	(6,892,759)
At 31 December 2021	100	(4,343,221)	(4,343,121)

	Share capital £	Profit and loss account £	Total £
At 1 January 2020	100	(46,083)	(45,983)
Profit for the year	-	2,595,621	2,595,621
Total comprehensive income	-	2,595,621	2,595,621
At 31 December 2020	100	2,549,538	2,549,638

Novolex UK Holdings, Ltd

Consolidated Statement of Cash Flows for the Year Ended 31 December 2021

	Note	31 December 2021 £	31 December 2020 £
Cash flows from operating activities			
Loss for the year		(4,363,240)	(3,977,873)
Adjustments for:			
Depreciation and amortisation	5	6,382,471	5,113,292
(Profit)/loss on disposal of tangible assets	6	(9,418)	49,670
Gain on disposal of a subsidiary	6	(880,158)	-
Finance income	8	(2,341,891)	(10,333)
Finance costs	9	4,592,279	3,813,133
Income tax (credit)/expense	13	(2,227,655)	315,679
Foreign currency translation reserve		<u>(402,483)</u>	<u>405,662</u>
		749,905	5,709,230
Working capital adjustments			
(Increase)/decrease in stocks		(3,929,001)	3,364,676
Decrease in trade debtors and other debtors		581,704	246,293
Increase in trade creditors and other creditors		<u>3,711,687</u>	<u>4,010,306</u>
Cash generated from operations		1,114,295	13,330,505
Income taxes received/(paid)		<u>788,027</u>	<u>(331,988)</u>
Net cash flow from operating activities		<u>1,902,322</u>	<u>12,998,517</u>
Cash flows from investing activities			
Interest received		2,341,891	10,333
Acquisitions of tangible assets	15	(2,152,644)	(2,317,141)
Proceeds from sale of tangible assets		21,984	22,850
Acquisition of intangible assets	14	(5,250)	-
Disposal of subsidiary, net of cash		(589,166)	-
Acquisition of subsidiaries, net of cash acquired		<u>(28,885,775)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(29,268,960)</u>	<u>(2,283,958)</u>
Cash flows from financing activities			
Interest paid	9	(4,592,279)	(3,813,133)
Net proceeds/(repayment) of borrowing		<u>32,282,843</u>	<u>(3,951,017)</u>
Net cash flows from/(used in) financing activities		<u>27,690,564</u>	<u>(7,764,150)</u>
Net increase in cash and cash equivalents		323,926	2,950,409
Cash and cash equivalents at the beginning of the year		<u>6,092,299</u>	<u>3,141,890</u>
Cash and cash equivalents at the end of the year		<u>6,416,225</u>	<u>6,092,299</u>

The notes on pages 19 to 42 form an integral part of these financial statements.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The principal place of business is:

37-39 Burners Lane
Kiln Farm
Milton Keynes
Buckinghamshire
MK11 3HA

The address of its registered office is:

C/O Cogency Global (UK) Limited
6 Lloyds Avenue
Unit 4CL
London
EC3N 3AX

These financial statements were authorised for issue by the Board on 16 February 2023.

2 Accounting policies

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

Summary of disclosure exemptions

The Company is a qualifying entity for the purposes of FRS 102 and has elected to take the exemption under FRS 102, para 1.12(b) not to present the Company statement of cash flows.

Basis of consolidation

The consolidated financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 31 December 2021.

No Profit and Loss Account is presented for the company as permitted by section 408 of the Companies Act 2006. The company made a loss after tax for the financial year of £6,892,759.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

A subsidiary is an entity controlled by the company. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Profit and Loss Account from the effective date of acquisition or up to the effective date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the group.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

Inter-company transactions, balances and unrealised gains on transactions between the company and its subsidiaries, which are related parties, are eliminated in full.

Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholder's share of changes in equity since the date of the combination.

Going concern

The financial statements have been prepared on a going concern basis as the company has the continued support of the holding company and management through the preparation of cash forecasts are of the opinion the working capital generated by the company for the foreseeable future will be sufficient to enable the company to meet their liabilities for at least twelve months from the date of the approval of the financial statements.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Leases

The group is leasing a premises at a rate below the market rate and each year an adjustment to the fair value of the lease interest is made to the income statement to recognise the impairment of the interest. In determining the annual adjustment the company review whether the estimated discount rate and estimated market rent is still valid.

Stock valuation

The company reviews its stock on a regular basis and, where appropriate, makes provisions for slow moving and obsolete stock based on estimates of future sales activity. The estimates of the future sales activity will be based on both historical experience and expected outcomes based on knowledge of the markets in which the company operates as well as strategic assessments of potential new markets. Market performance is reviewed periodically throughout the year and the impact on the provision assessed.

Trade debtors

The company monitors the risk profile of trade debtors regularly and makes a provision for amounts that may not be recoverable on the basis of expected portfolio losses. When a trade debtor is not collectable it is written off against the bad debt provision.

Impairment of goodwill

The group considers whether goodwill is impaired. Where an indication of impairment is identified an estimation of recoverable value is made. No indication of impairment existed at the year end. The carrying amount is £27,794,196 (2020 - £14,752,512).

Impairment of investments

The company considers whether investments are impaired. Where an indication of impairment is identified an estimation of recoverable value is made. No indication of impairment existed at the year end. The carrying amount is £81,681,467 (2020 - £54,027,803).

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the Group's activities. Turnover is shown net of value added tax, returns, rebates and discounts.

The Group recognises revenue when all of the following conditions are satisfied:

- the amount of revenue can be reliably measured;
- all of the significant risks and rewards of ownership have been transferred to the customer;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably;
- it is probable that future economic benefits will flow to the entity; and
- specific criteria have been met for each of the Group's activities.

Government grants

Government grants are recognised when the conditions for receipt are met and there is reasonable assurance that the grant will be received. Grants related to assets are initially taken to deferred income and then released to profit or loss on a systematic and rational basis over the useful lives of the related assets. The majority of grants received by the group are to assist with the purchase of plant and machinery. Grants related to income are deducted in reporting the related expense.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to group companies with no future related costs are recognised in profit or loss in the period in which they become receivable.

Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

The financial statements of overseas subsidiary undertakings are translated at the rate ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings to the extent that they are used to finance or provide a hedge against group equity investments in foreign enterprises, which are taken to reserves together with the exchange difference on the net investment in these enterprises. Tax charges and credits attributable to exchange differences on those borrowings are also taken to reserves.

Tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the group operates and generates taxable income.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the consolidated financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference, except for revalued land and investment property where the tax rate that applies to the sale of the asset is used.

Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off as incurred unless it meets the recognition criteria of a tangible asset as defined by FRS 102 Section 18, in which case it is recognised as an asset of the group.

Tangible assets

Tangible assets are stated in the Balance Sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Short leasehold property	6-100% straight line
Fixtures, fittings and equipment	7-100% straight line
Motor vehicles	18-50% straight line
Other property, plant and machinery	6-100% straight line on plant and equipment and varying rates for tools
Asset under construction	Nil

Business combinations

Business combinations are accounted for using the purchase method. The consideration for each acquisition is measured at the aggregate of the fair values at acquisition date of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquired, plus any costs directly attributable to the business combination. When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the group includes the estimated amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable and can be measured reliably.

Goodwill

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. *Goodwill is held in the currency of the acquired entity and revalued to the closing rate at each reporting period date.* Goodwill is amortised over its useful life, which shall not exceed ten years if a reliable estimate of the useful life cannot be made.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Intangible assets

Leasehold interest intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Leasehold interest intangible assets have a finite useful life and are carried at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation

Amortisation is provided on intangible assets so as to write off the cost, less any estimated residual value, over their useful life as follows:

Asset class	Amortisation method and rate
Goodwill	10 years
Leasehold interest	Amortised over the lease term

Investments

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows only, cash and cash equivalents include bank overdrafts repayable on demand.

Since the characteristics of such banking arrangements are that the bank balance often fluctuates from being positive to overdrawn, they are considered an integral part of the group's and company's cash management.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if the group does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Assets held under finance leases are recognised at the lower of their fair value at inception of the lease and the present value of the minimum lease payments. These assets are depreciated on a straight-line basis over the shorter of the useful life of the asset and the lease term. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between finance costs in the Profit and Loss Account and reduction of the lease obligation so as to achieve a constant periodic rate of interest on the remaining balance of the liability.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the group's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the group has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Financial Instruments

Classification, recognition and measurement

The group follows sections 11 and 12 of FRS 102 in respect of financial instruments.

Basic financial assets, including trade and other receivables and cash and bank balances are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when

- a) the contractual rights to the cash flows from the asset expire or are settled, or
- b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or
- c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

Basic financial liabilities, including trade and other payables and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of estimated cash flows discounted at the liability's original effective interest rate.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

3 Turnover

The analysis of the group's turnover for the year by market is as follows:

	31 December 2021 £	31 December 2020 £
UK	46,501,064	47,212,818
Europe	30,953,838	13,735,018
Rest of world	3,210,518	15,511
	<u>80,665,420</u>	<u>60,963,347</u>

4 Other operating income

The analysis of the group's other operating income for the year is as follows:

	31 December 2021 £	31 December 2020 £
Government grants (see note 7)	65,409	283,495
Miscellaneous other operating income	84,667	-
	<u>150,076</u>	<u>283,495</u>

5 Operating (loss)/profit

Arrived at after charging/(crediting)

	31 December 2021 £	31 December 2020 £
Depreciation expense (Note 15)	3,468,903	2,948,322
Amortisation expense (Note 14)	2,913,568	2,164,970
Research and development cost	14,763	-
Operating lease expense - property	1,560,724	1,099,512
Operating lease expense - plant and machinery	193,187	250,192
Operating lease expense - other	18,507	24,238
(Profit)/loss on disposal of property, plant and equipment	<u>(9,418)</u>	<u>49,670</u>

6 Gain on disposal of subsidiary

	31 December 2021 £	31 December 2020 £
Net gain on disposal of subsidiary	<u>880,158</u>	<u>-</u>

During the year the group disposed of a subsidiary realising a gain of £2,580,158 and impaired the associated goodwill by £1,700,000 resulting in a net gain of £880,158.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

7 Government grants

The majority of grants received by the group are Government support packages in response to the Covid-19 pandemic.

The amount of grants recognised in the financial statements was £65,409 (2020 - £283,495).

8 Other interest receivable and similar income

	31 December 2021 £	31 December 2020 £
Interest income on bank deposits	39	-
Foreign exchange gains	2,341,852	10,333
	<u>2,341,891</u>	<u>10,333</u>

9 Interest payable and similar expenses

	31 December 2021 £	31 December 2020 £
Interest on bank overdrafts and borrowings	2,991	3,183
Foreign exchange losses	324,728	517,373
Other finance costs	13,388	-
Interest payable on loans from group undertakings	4,575,900	3,809,950
	<u>4,917,007</u>	<u>4,330,506</u>

10 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	31 December 2021 £	31 December 2020 £
Wages and salaries	13,088,024	13,432,473
Social security costs	1,309,134	1,222,497
Pension costs, defined contribution scheme	338,951	349,119
Other employee expense	58,359	12,802
	<u>14,794,468</u>	<u>15,016,891</u>

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

The average number of persons employed by the group (including directors) during the year, analysed by category was as follows:

	31 December 2021 No.	31 December 2020 No.
Production	338	334
Administration and support	134	93
Other departments	-	5
	<u>472</u>	<u>432</u>

11 Directors' remuneration

The directors' remuneration for the year was as follows:

	31 December 2021 £	31 December 2020 £
Remuneration	135,627	43,332
Contributions paid to defined contribution pension scheme	10,888	-
	<u>146,515</u>	<u>43,332</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	31 December 2021 No.	31 December 2020 No.
Accruing benefits under defined benefit pension scheme	<u>1</u>	<u>-</u>

The majority of the directors received no remuneration from this company during the period as they were remunerated higher up the group and the group were not recharged for any services provided by these directors.

12 Auditor's remuneration

	31 December 2021 £	31 December 2020 £
Audit of company and consolidated financial statements	98,000	89,250
Audit of subsidiary financial statements	75,450	26,663
	<u>173,450</u>	<u>115,913</u>

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

13 Tax on loss

Tax credited in the consolidated profit and loss account

	31 December 2021 £	31 December 2020 £
Current taxation		
UK corporation tax	(1,849,982)	-
UK corporation tax adjustment to prior periods	434	-
	<u>(1,849,548)</u>	<u>-</u>
Foreign tax	522,956	186,562
Foreign tax adjustment to prior periods	-	114,525
	<u>522,956</u>	<u>301,087</u>
Total current income tax	<u>(1,326,592)</u>	<u>301,087</u>
Deferred taxation		
Arising from origination and reversal of timing differences	(294,741)	14,592
Arising from origination and reversal of timing differences - acquired deferred tax	<u>(606,322)</u>	<u>-</u>
Total deferred taxation	<u>(901,063)</u>	<u>14,592</u>
Tax credit/expense in the consolidated profit and loss account	<u>(2,227,655)</u>	<u>315,679</u>

The tax on loss before tax for the year is lower than the standard rate of corporation tax in the UK of 19% (2020 - 19%).

The differences are reconciled below:

	31 December 2021 £	31 December 2020 £
Loss before tax	<u>(6,590,895)</u>	<u>(3,662,194)</u>
Corporation tax at standard rate	(1,252,270)	(695,817)
Effect of expense not deductible in determining taxable profit (tax loss)	(748,438)	806,084
Effect of foreign tax rates	(218,712)	(124,324)
Increase from tax losses for which no deferred tax asset was recognised	12,391	232,420
Increase in UK and foreign current tax from adjustment for prior periods	434	114,525
Tax increase from effect of capital allowances and depreciation	-	63,846
Tax decrease from effect of unrelieved tax losses carried forward	(21,060)	-
Tax decrease from effect of adjustment in research and development tax credit	<u>-</u>	<u>(81,055)</u>
Total tax (credit)/charge	<u>(2,227,655)</u>	<u>315,679</u>

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

During the year the UK enacted tax rate from 1 April 2023 increased to 25% from 19% and accordingly the UK deferred tax has been recognised at the enacted rate.

The group has Irish subsidiaries and the Irish tax rate has remained unchanged.

Deferred tax

Group

Deferred tax assets and liabilities

	Asset £	Liability £
2021		
Accelerated tax depreciation - UK	64,001	36,624
Accelerated tax depreciation - Republic of Ireland	176,368	-
	<u>240,369</u>	<u>36,624</u>
2020		
Accelerated tax depreciation - UK	-	231,738
Accelerated tax depreciation - Republic of Ireland	140,742	-
	<u>140,742</u>	<u>231,738</u>

On 3 March 2021, the Chancellor of the Exchequer announced that the main rate of corporation tax in the United Kingdom will rise to 25% with effect from 1 April 2023 for companies earning annual taxable profits in excess of £250,000. Companies earning annual taxable profits of £50,000 or less will continue to pay corporation tax at 19% with a marginal rate adjustment for companies earning annual taxable profits between the two levels. As a result of the announcement deferred tax has been calculated at 25%.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

14 Intangible assets

Group

	Goodwill £	Other Intangible assets £	Software £	Total £
Cost or valuation				
At 1 January 2021	19,670,017	1,866,646	-	21,536,663
Additions acquired at acquisition (Note 17)	-	-	2,685	2,685
Additions	<u>17,452,358</u>	<u>-</u>	<u>5,250</u>	<u>17,457,608</u>
At 31 December 2021	<u>37,122,375</u>	<u>1,866,646</u>	<u>7,935</u>	<u>38,996,956</u>
Accumulated Amortisation				
At 1 January 2021	4,917,505	528,998	-	5,446,503
Amortisation charge	2,710,674	196,281	6,613	2,913,568
Impairment (Note 6)	<u>1,700,000</u>	<u>-</u>	<u>-</u>	<u>1,700,000</u>
At 31 December 2021	<u>9,328,179</u>	<u>725,279</u>	<u>6,613</u>	<u>10,060,071</u>
Carrying amount				
At 31 December 2021	<u>27,794,196</u>	<u>1,141,367</u>	<u>1,322</u>	<u>28,936,885</u>
At 31 December 2020	<u>14,752,512</u>	<u>1,337,648</u>	<u>-</u>	<u>16,090,160</u>

Individually material intangible assets

Goodwill

The carrying amount of this asset is £27,794,196 (2020 - £14,752,512) and the remaining amortisation period is 9 years and 7 months to 6 years and 6 months (2020 - 7 years and 6 months). The amortisation of goodwill is included in administrative expenses in the profit and loss account.

Other intangible assets - Leasehold interest

The carrying amount of this asset is £1,141,367 (2020 - £1,337,648) and the remaining amortisation period is 7 years and 8 months (2020 - 8 years and 8 months). The group has an option to acquire the leasehold interest on the land and buildings at predetermined rates up to 2030. As there are no plans for the option to be exercised by the group, no value has been assigned to the option.

Software

The carrying amount of this asset is £1,322 (2020 - £Nil) and the remaining amortisation period is 6 months (2020 - Nil).

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

15 Tangible assets

Group

Cost or valuation	Freehold land and buildings £	Short leasehold land and buildings £	Assets under construction £	Furniture, fittings and equipment £	Other property, plant and equipment £	Office equipment £	Motor vehicles £	Total £
At 1 January 2021	69,014	459,991	1,407,250	365,999	15,832,986	192,030	6,272	18,333,542
Additions	-	45,147	3,706	128,961	935,816	1,039,014	-	2,152,644
Acquired through business combinations (Note 17)	-	21,849	-	4,531	161,312	45,022	-	232,714
Disposals	-	(10,150)	-	-	(43,687)	(78,375)	-	(132,212)
Transfers	-	47,946	(200,314)	-	268,218	(115,850)	-	-
At 31 December 2021	69,014	564,783	1,210,642	499,491	17,154,645	1,081,841	6,272	20,586,688
Accumulated depreciation								
At 1 January 2021	6,860	190,901	-	117,453	7,243,904	81,116	6,068	7,646,302
Charge for the year	12,346	72,250	-	153,356	3,216,927	13,820	204	3,468,903
Eliminated on disposal	-	-	-	-	(41,903)	(77,743)	-	(119,646)
At 31 December 2021	19,206	263,151	-	270,809	10,418,928	17,193	6,272	10,995,559
Carrying amount								
At 31 December 2021	49,808	301,632	1,210,642	228,682	6,735,717	1,064,648	-	9,591,129
At 31 December 2020	62,154	269,090	1,407,250	248,546	8,589,082	110,914	204	10,687,240

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

16 Investments

Company

	2021 £	2020 £
Investments in subsidiaries	<u>81,681,467</u>	<u>54,027,803</u>

Subsidiaries

£

Cost

At 1 January 2021	54,027,803
Additions	30,153,664
Disposals	<u>(2,500,000)</u>
At 31 December 2021	<u>81,681,467</u>

Carrying amount

At 31 December 2021	<u>81,681,467</u>
At 31 December 2020	<u>54,027,803</u>

Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held	
			2021	2020
Subsidiary undertakings				
A & J Plastics Limited	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London England EC3N 3AX	Ordinary	100%	100%
Deltaform Limited	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London England EC3N 3AX	Ordinary	100%	100%
Holfeld Plastics Limited	Avoca Rover Park, Arlow, Co Wicklow Republic of Ireland	Ordinary	100%	100%

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Par-Pak Europe Limited	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London England EC3N 3AX	Ordinary	100%	100%
Vegware Holdings Limited	39 Melville Street Edinburgh EH3 7JF Scotland	Ordinary	100%	0%
Vegware Limited	39 Melville Street Edinburgh EH3 7JF Scotland	Ordinary	100%	0%
Waddington Europe Limited	C/O Cogency Global (UK) Limited 6 Lloyds Avenue Unit 4CL London England EC3N 3AX	Ordinary	100%	100%

The company has a direct investment in Par-Pak Europe Limited and Vegware Holdings Limited which in turn has the investments in the other companies listed above.

Subsidiary undertakings

A & J Plastics Limited

The principal activity of A & J Plastics Limited is that of a non trading company following the hive up of trade as the start of the financial year.

Deltaform Limited

The principal activity of Deltaform Limited is that of a non trading company following the hive up of trade as the start of the financial year.

Holfeld Plastics Limited

The principal activity of Holfeld Plastics Limited is plastic thermoforming and extrusion of plastic film.

Par-Pak Europe Limited

The principal activity of Par-Pak Europe Limited is plastic thermoforming and extrusion of plastic film.

Vegware Holdings Limited

The principal activity of Vegware Holdings Limited is an investment holding company.

Vegware Limited

The principal activity of Vegware Limited is the manufacturer of plant based compostable foodservice packaging.

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Waddington Europe Limited

The principal activity of Waddington Europe Limited is Dormant.

For the year ending 31 December 2021 the following subsidiaries were entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies:

A & J Plastics Limited
Deltaform Limited
Par-Pak Europe Limited

Waddington Europe Limited is a dormant subsidiary that is exempt from preparing and filing individual financial statements by virtue of section 394A and section 448A respectively of the Companies Act 2006.

17 Business combinations

On 4 August 2021, Novolex UK Holdings, Ltd acquired 100% of the issued share capital of Vegware Holdings Limited and its subsidiaries Vegware Limited and Vegware Packaging Inc.

Vegware Holdings Limited and its subsidiaries Vegware Limited and Vegware Packaging Inc contributed £25,927,710 to group revenue and £4,177,160 of profit to the group's loss for the period between the date of acquisition and the balance sheet date.

The amounts recognised in respect of the identifiable assets acquired and liabilities assumed are as set out in the table below:

	Fair value 2021 £
Assets and liabilities acquired	
Debtors	9,961,847
Cash	1,267,888
Stocks (book value of £10,815,273)	13,916,312
Tangible assets (Note 15)	232,714
Identifiable intangible assets (Note 14)	2,685
Creditors	<u>(12,680,141)</u>
Total identifiable assets	<u>12,701,305</u>
Goodwill	<u>17,452,358</u>
Total consideration	<u>30,153,663</u>
Satisfied by:	
Cash	24,235,083
Other	<u>5,918,580</u>
Total consideration transferred	<u>30,153,663</u>

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

The useful life of goodwill is 10 years. Management have been unable to quantify the useful life of the goodwill and have therefore used a period in accordance with the accounting standards. Goodwill includes the value assigned to customer relationships and the Vegware tradename.

Novolex UK Holdings disposed of Vegware Packaging Inc on 31 December 2021. The gain on the disposal can be found in Note 6.

18 Stocks

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Raw materials and consumables	8,577,206	3,350,302	-	-
Finished goods and goods for resale	14,361,313	3,083,969	-	-
	<u>22,938,519</u>	<u>6,434,271</u>	<u>-</u>	<u>-</u>

Group

Impairment of stocks

The amount of impairment loss included in cost of sales in the profit or loss is £174,721 (2020 - £281,495).

19 Debtors

		Group		Company	
	Note	2021	2020	2021	2020
		£	£	£	£
Current					
Trade debtors		19,308,723	11,857,895	-	-
Amounts owed by group undertakings	28	155,100	100	2,216,923	100
Other debtors		1,046,648	54,334	-	-
Deferred tax assets	13	240,369	140,742	-	-
Income tax asset		1,071,589	244,088	-	-
Prepayments and accrued income		823,515	635,256	2,438	-
		<u>22,645,944</u>	<u>12,932,415</u>	<u>2,219,361</u>	<u>100</u>

20 Cash at bank and in hand

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Cash on hand	1,104	1,036	-	-
Cash at bank	6,415,121	6,091,263	-	-
	<u>6,416,225</u>	<u>6,092,299</u>	<u>-</u>	<u>-</u>

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

21 Creditors

		Group		Company	
	Note	2021 £	2020 £	2021 £	2020 £
Amounts falling due within one year					
Trade creditors		15,752,945	5,146,870	-	-
Amounts owed to group undertakings		4,531,743	447,914	13,477,630	4,915,345
Outstanding defined contribution pension costs		31,556	6,037	-	-
Other creditors		761,133	502,795	-	-
Other taxation and social security		1,679,633	2,320,701	-	-
Corporation tax liability		361,727	70,349	46,083	46,083
Accruals and deferred income		6,519,989	5,772,945	321,360	-
		<u>29,638,726</u>	<u>14,267,611</u>	<u>13,845,073</u>	<u>4,961,428</u>
Amount falling due after one year					
Amounts owed to related parties	28	<u>74,398,876</u>	<u>46,516,837</u>	<u>74,398,876</u>	<u>46,516,837</u>

Intercompany loans are denominated in GBP with a nominal interest rate of Sterling Overnight Index Average (SONIA) + 7.27%, and the final instalment is due in August 2028. The carrying amount at year end for the group is £74,398,876 (2020 - £46,516,837) and for the company is £74,398,876 (2020 - £46,516,837) .

Included in amounts falling due after one year are loans due for repayment after more than five years of £27,882,039 (2020 - Nil).

22 Provisions for liabilities

Group		Deferred tax £	Total £
At 1 January 2021		231,738	231,738
Decrease in existing provisions		<u>(195,114)</u>	<u>(195,114)</u>
At 31 December 2021		<u>36,624</u>	<u>36,624</u>

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

23 Pension and other schemes

Defined contribution pension scheme

The group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £338,951 (2020 - £349,119).

Contributions totalling £31,556 (2020 - £6,037) were payable to the scheme at the end of the year and are included in creditors.

24 Called up Share capital

Allotted, called up and unpaid shares

	2021		2020	
	No.	£	No.	£
Ordinary shares of £1 each	100	100	100	100

Rights, preferences and restrictions

Ordinary shares have the following rights, preferences and restrictions:

These shares carry voting rights and are entitled to dividends. There are no restrictions in place.

25 Reserves

Group

Profit and loss account

This reserve represents accumulated profits net of any distributions made to shareholders.

Foreign currency translation

The group includes Holfeld Plastics Limited who report in Euros and accordingly a foreign exchange variance arises on brought forward balances.

The changes to each component of equity resulting from items of other comprehensive expense for the current year were as follows:

	Foreign currency translation £	Total £
Foreign currency translation losses	(402,483)	(402,483)

The changes to each component of equity resulting from items of other comprehensive income for the prior year were as follows:

	Foreign currency translation £	Total £
Foreign currency translation gains	405,662	405,662

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Company

Profit and loss account

This reserve represents accumulated profits net of any distributions made to shareholders.

26 Obligations under leases and hire purchase contracts

Group

Operating leases

The total of future minimum lease payments is as follows:

	2021 £	2020 £
Not later than one year	1,633,310	1,568,573
Later than one year and not later than five years	5,456,655	4,478,158
Later than five years	<u>1,437,063</u>	<u>2,552,710</u>
	<u>8,527,028</u>	<u>8,599,441</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £1,753,911 (2020 - £1,373,942).

27 Dividends

The directors are proposing a final dividend of £Nil (2020 - £Nil) per share.

28 Related party transactions

Summary of transactions with parent

Parent and the ultimate parent company

During the year the parent extended the company an interest only loan. Interest on this loan is charged at the SONIA rate plus 7.27% with the principal amount repayable by August 2028.

During the year the group disposed of a subsidiary to Novolex Holdings LLC, the immediate parent undertaking, for £4,400,804, upon which a net gain arose (see note 6).

Loans to related parties - Group

	Parent £	Total £
2021		
Advanced	<u>155,200</u>	<u>155,200</u>
At end of period	<u>155,200</u>	<u>155,200</u>
2020		
At start of period	26,977	26,977
Repaid	<u>(26,977)</u>	<u>(26,977)</u>
At end of period	<u>-</u>	<u>-</u>

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

Loans from related parties - Parent and Group

	Parent - Loan due in more than one year £	Parent - Interest due within one year £	Total £
2021			
At start of period	46,516,837	284,159	46,800,996
Loan obtained	32,282,843	-	32,282,843
Repaid	(4,400,804)	(1,449,317)	(5,850,121)
Interest transactions	-	4,376,096	4,376,096
At end of period	<u>74,398,876</u>	<u>3,210,938</u>	<u>77,609,814</u>
	Parent - Loan due in more than one year £	Parent - Interest due within one year £	Total £
2020			
At start of period	50,467,854	-	50,467,854
Repaid	(3,951,017)	(3,874,745)	(7,825,762)
Interest transactions	-	3,809,950	3,809,950
Interest owed netted off loan due from parent	-	348,954	348,954
At end of period	<u>46,516,837</u>	<u>284,159</u>	<u>46,800,996</u>

Included in the parent loan due in more than one year are loans due for repayment after more than five years of £27,882,039 (2020 - Nil).

29 Financial instruments

Group

Categorisation of financial instruments

	2021 £	2020 £
Financial assets at amortised cost	25,880,048	11,857,895
Financial liabilities measured at amortised cost	101,185,367	51,432,083

Company

Categorisation of financial instruments

	2021 £	2020 £
Financial assets at amortised cost	2,216,923	-
Financial liabilities measured at amortised cost	88,197,866	51,432,082

Novolex UK Holdings, Ltd

Notes to the Financial Statements for the Year Ended 31 December 2021

30 Parent and ultimate parent undertaking

The company's immediate parent is Novolex Holdings, LLC, incorporated in the United States of America.

The ultimate parent during the year is Carlyle Partners VI, LP a limited partnership, incorporated in the United States of America.

The most senior parent entity producing publicly available financial statements is Novolex Holdings, LLC. These financial statements are available upon request from 101 East Carolina Avenue, Hartsville, South Carolina 29550.

31 Non adjusting events after the financial period

On 13 April 2022 Novolex Holdings LLC was sold and the ultimate parent is now AP IX Clydesdale Holdings LP, a limited partnership incorporated in the United States of America.